



## REGIONAL SEWER FEASIBILITY STUDY RECONSTITUTION QUESTIONS & ANSWERS AD HOC RECONSTITUTION COMMITTEE

### Background

During the process of resolution adoption by the individual municipalities and the County, each council and staff were encouraged to ask questions. The original questions (unedited) and draft responses are provided below (in red).

### Westminster

1. What happens after this fall's municipal elections if there is a change in the support of the three city councils? **At this time, each council has considered and approved the support resolution. However, the support resolution is not binding and does not commit any participant to a particular course of action. If a participant chooses to opt out, they would not be admitted as a member of the reconstituted authority (the "New Authority"), would not have representation on the Board, and would most likely become a wholesale customer of the new Authority.**
2. There are concerns a new board without ties to the city council will approve rates for city customers beyond what the city council believes is appropriate. How will rates be kept "in check?" **Sewer service is a business, and rates must be set a level that covers all necessary operating expenses and capital expenses. However, if the new legislation is adopted and a gubernatorial appointment is permitted, board members must reside in a household receiving service from the New Authority. As a result, any rate decisions will have a direct bearing on the financial situation of the member. This may actually be a better result than the current board as many of the current members do not actually receive service from the joint system, and often vote solely on the basis of the benefits to the member-city, rather than fulfilling their fiduciary obligation to the organization.**
3. They want to see the outcome of a technical and financial evaluation. **Yes, that is a prerequisite, and those persons/firms should be engaged by December 14, 2025 (120 days approval by Board of the *ad hoc* committee report).**
4. They want to know the cost for Westminster to participate in the technical and financial evaluation. **Planning level costs for these evaluations are currently being developed, including a methodology for apportionment. The intent is to keep costs as low as possible by using data and analysis from the previous corrective action plans to prepare a system status assessment and a high-level capital improvement analysis for each system.**



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5. Will the new entity be a public entity that will allow for public attendance and participation in meetings and committee meetings? **Yes. The new entity will be created under the same statutory framework as the existing authority, which is the “Joint Authority Water and Sewer System Act”, as codified at Title 6, Chapter 25 of the Code of Laws of South Carolina 1976, as amended. The New Authority will be reconstituted under the act as a public body politic and corporate and subject to FOIA and similar open government laws.**
6. They would like to see a customer rate schedule for the rates under a new Authority. **This will be part of the recommendations from the evaluation process. According to the ad hoc committee report “[a] unified and equitable rate structure will be developed and deployed as part of the governance documents of the reconstituted Authority.” The schedule calls for the rate schedule to be developed within 18 months of the approval of the plan, so approximately February 2027.**
7. What happens if a city decides not to participate? **Nothing can make a city participate, but State regulators (including RIA) have public advised that something must be done. If a city decides not to participate, they will likely be left out of the new organization and required to separately negotiate a wholesale treatment contract with the New Authority for sewer treatment services.**
8. They want to be sure the city is fairly compensation for any assets they may turn over to the new Authority. As a quick point of reference, the city received a \$5 million SCIP grant to rehabilitate sewer collection lines and the construction is underway. **There will be a technical review, and the consultants will also conduct an analysis to determine the depreciation of each system and estimate the significant capital investments required to bring the systems into regulatory compliance. Even if the third-party financial consultant concludes that a system’s value exceeds its liabilities (for example, the cost to fully rehabilitate it), it is unlikely that any cash proceeds would be available for the acquisition of existing collection systems. Generally, the acquisition of these systems is viewed as relieving each participant of financial and operational liability, rather than generating revenue. However, there may be an opportunity to establish a franchise fee within each city’s municipal boundaries, with those funds remitted back to the respective city in consideration of the use of public rights-of-way.**



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### Walhalla

1. Current condition of the Walhalla sewer system. As the current owners and operators of their respective collection systems, each city is in the best position to provide information about the operating condition of its system. That information can be further supported by the recent CMOM (Capacity, Management, Operation, and Maintenance) and Corrective Action Plan (CAP) reports, as well as by the upcoming technical review to be completed by the consultants.
2. Estimated upgrades needed to the sewer system. To be determined based upon recent CMOM/CAP and technical review by consultants.
3. Current valuation (financial) of the sewer system. Will look to current asset values in audited financial statements, as well as technical review. Compensation, if any, will be considered as described in "Westminster #8."
4. Estimated cost to upgrade the sewer system. To be determined based upon recent CMOM/CAP and technical review by consultants.

### West Union

1. What is the advantage to West Union to joining OJRSA? It is not contemplated that West Union will become a member of the new Authority. It is expected to remain a treatment customer-only or, alternatively, they will be acquired in whole by the New Authority. Under either scenario, West Union would benefit from regionalized management and long-term planning for wastewater treatment, ensuring compliance with regulatory requirements and improving system reliability. If the system were acquired, West Union would be relieved of the financial and operational responsibilities associated with owning and maintaining the system, including future capital improvements and regulatory compliance obligations.
2. Would ownership of the West Union system transfer to OJRSA? While West Union would not be a member, the new Authority would consider the acquisition of the West Union collection system.
3. Who would operate, maintain, and insure the West Union system after it was transferred? The New Authority.
4. What will happen to West Union public works employees after the transfer? Would they work for OJRSA? Additional staff may be needed, and if so, the Authority will entertain the employment of the best and most qualified service members.



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5. Would West Union be compensated for the value of the assets taken over by OJRSA?  
**Probably not. See answer to “Westminster #8” above.**
6. How much will the funding of operational costs of OJRSA add to West Union customer rates/bills? **Unknown at this time. To be determined based upon recent technical review by consultants, and development of rate study. See “Westminster #6” above.**
7. If West Union were to participate in OJRSA, what weight vote would it have? An equally weighted vote? Or a vote based on some other basis, such as volume, linear feet of lines, number of customers, or revenue? **West Union will not be a member of the New Authority. As a result, it will not have any voting rights. It will only be a customer, unless it elects to turn over its collection system to the New Authority whereupon rates and other costs will be solely determined by New Authority board.**
8. Who would bill for sewer? (West Union has and reads its own water meters.)  
**Assuming the New Authority acquires the West Union collection system, West Union would bill for the New Authority’s sewer service on the respective West Union water bill. Arrangements would be necessary to provide water flow data to the New Authority in order to ensure the appropriate amount is billed.**
9. Is revenue shared with members? If it is calculated on a percentage of revenue basis, how frequently is that updated? **While this has happened in the past, it is bad business practice and strongly discouraged. No revenue will be directly distributed from the New Authority’s operating accounts. However, it is possible for a participant city to charge a franchise fee, which will be imposed within its municipal limits. See “Westminster #8” above.**
10. Who would install new taps? And how much would that cost new users in West Union? **The entity that owns and operates the sewer collection system, whether it remains the respective city or is transferred to the New Authority, would be responsible for coordinating and installing new service connections. The cost for new users would reflect the actual cost of installation, along with any applicable capacity or connection fees. Even if ownership of the sewer collection system is transferred to the New Authority, each city would continue to own and operate its respective water utility system. This allows the cities to retain an important role in managing and directing future growth and development within their service areas through their continued role as water providers.**
11. Who would pay for expansion of sewer service and collection lines within West Union to support future growth? **If West Union’s collection system is acquired by the**



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New Authority, then this would be the responsibility of the New Authority. Additionally, as noted in Question #10 above, each city would continue to own and operate its water utility system, allowing it to play an ongoing role in managing and guiding growth through its control over water service extensions.

12. Can you provide us with or direct us to a map of current sewer service areas in the County? **To be provided.**
13. Also, what is the monthly/annual overhead for the costs of operating OJRSA? And, how is that allocated among the members? **Each year, the authority presents a balanced budget for consideration and approval. The budget is based on the anticipated costs of maintaining the system. For Fiscal Year 2026, the projected O&M expenses are \$6,759,426. Rates are structured to cover these operating expenses, including minor capital projects required to address issues identified in the 2021 consent order issued by the South Carolina Department of Environmental Services. The authority no longer uses the “pro rata model”. Instead, rates are administered under a “base, plus volume” system, similar to standard water customer billing practices. Under this rate methodology, the authority charges a base charge, which is a fixed amount to recover each participant’s share of system costs, administrative and maintenance, and a volume charge, which is a variable amount based on the actual amount of wastewater discharged to and treated by the authority.**
14. Finally, is Anderson County involved in OJSRA? **No. Anderson County is not involved, and any future conversations with Anderson County, or any Anderson sewer providers will be exclusively performed on a contract basis.**

### Seneca

1. What is the official plan, will OJRSA run all of the sewer? **Yes. That is the overarching goal of consolidation. Finding #1 of the ad hoc committee was that “[t]he collection systems of the current Authority members and Oconee County should be consolidated into a one combined system – owned, operated, and maintained by the reconstituted Authority.”**
2. How will future development be handled, both in the interim before the plan goes through, and after OJRSA takes over? **Expansion would occur as growth**



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develops and where sufficient system capacity and appropriate funding is available.

3. What will the assets be valued at? When will more information be provided about this process? **To be determined based upon recent CMOM/CAP and technical review by consultants.**
4. Will L&W maintain any control over its sewer system after the plan goes into effect? **No. The plan is for the entirety of the Seneca sewer system to be conveyed to the New Authority. However, the New Authority will need to work in concert with L&W for growth, system maintenance and other utility functions within the City of Seneca and all other members.**
5. Will L&W employees become OJRSA employees? Will they be contract labor? **Potentially, see "West Union #4".**
6. How will the easements that L&W has or had be transferred to OJRSA? **These land rights will be transferred to the New Authority as part of the conveyance process. Title work will need to be performed to identify all sewer system assets. Where individual easements are available, they will be assigned and all other ROW will be generally conveyed under a master ROW conveyance document. Also, personal property will be conveyed under master Bill of Sale for both fixed and non-fixed assets.**
7. Will there be major rate increases once this occurs? **Unknown until the rate evaluation is completed. See "Westminster #6" above.**
8. Will the customers who are currently inside city limits be charged the same as those who are outside city limits? **Best practice, and a stated goal of the ad hoc committee, is to establish a uniform and consistently applied rate structure for all users. The specifics of that rate schedule will not be known until the ongoing rate evaluation is completed. However, with the creation of a consolidated regional system, it would be difficult to justify maintaining separate in-city and out-of-city rate differentials.**
9. Can the city have its own treatment plant? **While the city can theoretically propose to build and operate its own treatment plant, it is highly unlikely that such a project**



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would be approved. From a regulatory perspective, DES has a stated goal of consolidating service, and the construction of a new facility would raise significant permitting challenges given discharge impacts and the existence of the current treatment plant. It would also be cost prohibitive and face major hurdles under the 208 planning process. Most importantly, because Seneca represents the majority of the flow to OJRSA, diverting that flow and revenue to a separate facility would significantly undermine the financial and operational stability of the existing regional system. Under the 208 Plan's "do no harm" principle, regulators are unlikely to approve a new plant that disrupts or diminishes the public's investment in existing infrastructure. For these reasons, construction of a new plant is not a recommended or realistic path.

10. Should L&W hold off on any sewer projects? **Yes, but only major construction.** Basic maintenance and updates to the system to comply with OJRSA consent order requirements as well as other system support should continue as necessary to maintain the system in good utility condition. All other members should conform to this advice.

### **Oconee County**

No formal questions were submitted or received, as staff indicated the County's questions have been addressed in the foregoing.